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L90 Does a 180

When Sony veteran Mitchell Cannold grabbed the reins at L90, he dreamed of making big changes. The company just acquired DoubleClick's media business and changed its name. That's just the beginning.

By David Berkowitz

Silicon Alley Reporter calls the latest news from L90 "a startling return from near death" ("Rising from the Dead," 9 July 2002). Though others covering L90's acquisition of DoubleClick's North American media business and its name change to MaxWorldwide were not as quick to resort to hyperbole, the \$9.5 million deal concludes months of buzzing over DoubleClick's planned exit from ad sales.

According to MaxWorldwide National Marketing Director Molly Mansur, a custom report from Media Metrix puts the combined unduplicated reach of L90 and DoubleClick at just a notch below Yahoo!. The reach for MaxWorldwide is 63%, topped by Yahoo! (68%), MSN (72%) and AOL (80%). MaxWorldwide is the largest among ad networks, according to this report; its nearest competitor is 24/7 Real Media with a 43.3% reach.

MaxWorldwide President and CEO Mitchell Cannold joined the company earlier this year with visions of turning L90 around. Whether the deal marks a corporate resurrection or merely shrewd business, it is a platform for Cannold to build from and gives his goals forward momentum. He called eMarketer to elaborate on the changes and allude to what's next.

eMarketer: Why the name change to MaxWorldwide?

Mitchell Cannold: I don't know what L90 meant, and I didn't think it was particularly memorable. It's a way to hit the restart button. As we look at it, DoubleClick plus L90 equals MaxWorldwide, so it was a way to combine the best of both brands and also position ourselves for diversification across media. We're now in two distinctly different though related media businesses, online and offline, but on the road ahead, we'll be in others. The brand really needed something that would be an enhancement to the full range of media that interests us. Today, there's MaxDirect, MaxOnline and MaxCreative, but there are others to come that we've thought through.

eMarketer: Can you say anything about what those others are?

MC: It's too soon, but the principals here, particularly Bill Apfelbaum as chairman, me by virtue of mostly my seven years at Sony Corporation, and Peter Sealey as former chief marketing officer of Coke, a member of the board and chief strategy officer - by virtue of our own experience in a variety of other media, that would make sense.

eMarketer: How much of the business is in MaxDirect and how much is interactive?

MC: It's about 50-50 today.

eMarketer: What made you so interested in the online ad space?

MC: I've been in media my entire career. I started Sony on the internet globally. I was chairman of the internet steering committee for the corporation. I launched Sony.com and Sony Station, the multiplayer game site — they were all, at the outset, certainly ad supported, among other revenue streams. It's a territory I've known fairly well since '93. And yet, this is an opportunity here to turn around an embattled company, come out fighting and go and acquire our biggest competitor who had a terrific client list and a great senior management team. Yet it was no longer DoubleClick's reason for being, their core business. They've been looking to find a partner such as us, so it made great sense for me.

There was an eUniverse transaction on the table. Had that transaction gone through, which the then L90 board elected not to conclude, there would have been no reason for me to be part of this. When the board decided not to conclude that transaction and asked me, through Bill who I knew very well, to come in, I felt that being surrounded by Bill Apfelbaum with his extraordinary financially successful history in media and Peter Sealey who worked for me at Sony for many years, we couldn't miss. Then I met the sales team they've got here and the sales team ultimately from DoubleClick, and I had the chance in the intervening three months to get to know everybody else in the marketplace. Initially, it was

driven by the opportunity to turn the company around and get it out of its embattled state and having the confidence that with Sealey and Apfelbaum, they couldn't miss. Subsequent to committing, I'm blessed to have the caliber of people that I do because they're all smarter than I am.

eMarketer: So this deal with DoubleClick was in the works from when you got there?

MC: There's a long history with DoubleClick and L90 naturally as competitors, and then L90 sold its AdMonitor business to DoubleClick long before I was involved. But yes, literally two days after I joined, DoubleClick called and asked if we'd be interested in talking.

eMarketer: What a way for you to dive right into it.

MC: Even in the time before I committed and the board was weighing whether to conclude the eUniverse deal or not and roll up their sleeves and dig this out, I believed as did the board that size mattered. In this marketplace, it was about the survival of the fittest. My approach was we needed to get fit, and the only way to do that in sort of a turnkey way was to acquire a significant, solid competitor. There's nobody as big as DoubleClick. I would not pretend to suggest I walked in here thinking, "I'll go buy DoubleClick Media." On the other hand, strategically I knew surviving and getting through a difficult ad market alone -- in general and in the internet in particular - was not a recipe for success.

eMarketer: Is there any change in strategy for you now that you have DoubleClick's media business?

MC: That's the first of two or three equally important deals we still intend to do in the very near future here. We are equally committed to our offline direct marketing business that has been profitable for us since the company acquired it a year ago. We are aggressively looking at our competitors on that side of the aisle as well and talking to several, so I would expect there is a transaction there in a matter of the next couple months.

While we're very focused now on growing the offline side as well, we also recognize that we need to be one-stop shop with a full spectrum of internet advertising business models under our umbrella. So we're looking closely at the success of Overture and companies like Overture. We've got 40-some-odd million in cash, no debt, and we're clear of the NASDAQ issues and soon to be clear of the SEC [Securities and Exchange Commission] issues, so we're just as eager to look at some of the other models here and get them under the same umbrella, and that's part of why the brand needed to be fresh.

eMarketer: Do you miss the movie business at all?

MC: No. I loved it. I had a fabulous time in the movie business. I adored it. But unless you've got a billion dollars to play with, you can't control your own destiny. I was much more interested in having control over my business destiny. I had a great time. I got spoiled early. I had a very financially successful hit movie that had the highest ROI of any film made until that point (*Dirty Dancing*), so I wasn't sure if I could top that. I was at Sony for seven years, and I ran four different businesses there concurrently. It's a passion, but it's not a business for me, and it's fundamentally not a great business. More companies are making money today on the internet than the movie business.